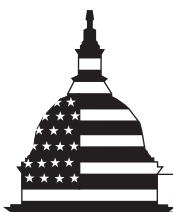


April 2011

DEFENSE INFRASTRUCTURE

The Navy Needs Better Documentation to Support Its Proposed Military Treatment Facilities on Guam



G A O

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Why GAO Did This Study

The Navy determined that its current hospital on Guam does not meet modern facility standards. Moreover, the military population on Guam is expected to grow from 15,000 to over 39,000 due to DOD plans to move Marine Corps units from Okinawa, Japan to Guam and expand other on-island capabilities. The Navy plans to construct a new hospital and two outpatient clinics as part of its facility solution to replace the current hospital and accommodate additional health care requirements. This report (1) describes the Navy's plans for developing its military treatment facility solution to meet the expected increases in the military population on Guam, and (2) examines the extent to which the Navy is assured that its proposed military treatment facility solution on Guam will sufficiently meet the requirements for the expected increase in military population. To address these objectives, GAO reviewed documentation including the Navy's plans for its military treatment facility solution and interviewed key officials within the Military Health System.

What GAO Recommends

GAO recommends that Navy clearly document the basis for health care workload and staffing on Guam. In commenting, DOD generally concurred and said that more information on the branch health clinics' planning has been developed by the Navy and is under review.

DEFENSE INFRASTRUCTURE

The Navy Needs Better Documentation to Support Its Proposed Military Treatment Facilities on Guam

What GAO Found

To accommodate the additional inpatient and outpatient requirements resulting from the expected increase in military population to Guam, the Navy plans to expand inpatient and outpatient care in the replacement hospital and move primary outpatient and dental care to two new branch health clinics. Primary outpatient care generally includes caring for acute and chronic illnesses, disease prevention, screening, patient education and follow-up care from hospitalization. The replacement hospital will be located on the site of the current hospital, while one of the new branch health clinics will replace medical and dental clinics currently in operation on Naval Base Guam, and the other clinic will be located in North Finegayan on the site of a proposed Marine Corps base. According to Navy officials, the development of the requirements for the clinics allowed the Navy to retain the size and footprint of an initially planned version of the replacement hospital, which was already programmed and approved prior to the announcement of the proposed military buildup on Guam. The two outpatient primary care clinics are to be funded by the government of Japan as part of the agreement to realign Marine Corps units from Okinawa, Japan to Guam, and DOD will fund the new hospital. The Navy's proposed military treatment facility solution on Guam expands on the health care services currently offered on Guam, but in instances when patients require care not offered on Guam, the Navy determined that it will continue to medically evacuate them to other military treatment facilities, such as Naval Hospital Okinawa, Tripler Army Medical Center in Hawaii, or Naval Medical Center San Diego.

GAO found that the Navy's documentation used to support its recommended military treatment facility solution for Guam does not clearly demonstrate how the Navy determined the size and configuration of the proposed branch health clinics, nor could Navy officials adequately explain their analyses or assumptions. Navy officials indicated that the Navy's health care requirements analysis report was the basis for decisions regarding the size and configuration of the proposed military treatment facilities. The Navy's health care requirements analysis report estimates the overall health care workload for the services the Navy intends to offer on Guam following the realignment, but does not show how this workload translates into the size and configuration of the Navy's proposed facilities. Therefore, it is difficult for stakeholders to be fully assured that the facility solution will be the most cost-effective solution to meet beneficiary health care needs following the realignment. Without clear documentation of key analyses and identification of risks, the Navy cannot fully demonstrate that it is making the most cost-effective decisions with its proposed military treatment facility solution on Guam.

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United States Government Accountability Office
Washington, DC 20548

April 5, 2011

The Honorable J. Randy Forbes
Chairman
The Honorable Madeleine Z. Bordallo
Ranking Member
Subcommittee on Readiness
Committee on Armed Services
House of Representatives

The Honorable Joe Wilson
Chairman
The Honorable Susan A. Davis
Ranking Member
Subcommittee on Military Personnel
Committee on Armed Services
House of Representatives

The Navy currently operates a hospital, an outpatient clinic, and a dental clinic on Guam, a U.S. territory located in the western Pacific Ocean. These military treatment facilities provide health care services to servicemembers, their families, and others entitled to Department of Defense (DOD) health care. The hospital is centrally located on the island, while the outpatient clinic and dental clinic are located on Naval Base Guam in the southern part of the island. The Navy has determined that the current hospital is outdated and does not meet modern facility standards as it was constructed in 1954 using 1940s design criteria.

While the Navy was initially developing requirements for a replacement hospital on Guam, separately the United States and Japan began a series of sustained security consultations, referred to as the Defense Policy Review Initiative, which were aimed at reducing the burden of the U.S. military presence on Japanese communities and strengthening the U.S.-Japan security alliance. By 2006, these consultations established the framework for the future U.S. force structure in Japan, including the relocation of U.S. military units from Okinawa, Japan to Guam. DOD plans to move about 8,600 Marines and their estimated 9,000 dependent family members to Guam as part of the Defense Policy Review Initiative. As a result of this realignment from Japan to Guam and other DOD plans to expand the capabilities and presence of the Army, Navy, and the Air Force on Guam over the next several years, the military population on Guam is expected to grow by over 160 percent, from 15,000 to over 39,000 by 2020. DOD

estimates the cost of developing facilities and infrastructure for the Marine Corps relocation to Guam to be approximately \$10.27 billion. The government of Japan is anticipated to provide \$6.09 billion, in U.S. fiscal year 2008 dollars, of this amount.¹ Part of this funding will be used to enhance DOD's current infrastructure on Guam, including the construction of new military treatment facilities. In addition to the realignment, the other military services are planning to expand their operations and presence on Guam. For instance, the Navy plans to enhance its infrastructure, logistic capabilities, and waterfront facilities; the Air Force plans to develop a global intelligence, surveillance, and reconnaissance strike hub at Andersen Air Force Base; and the Army plans to place a ballistic missile defense task force on Guam. As a result of the realignment and DOD's other plans for Guam, the total DOD increase on the island is expected to cost (including costs to be covered by the government of Japan) over \$13 billion.

In August 2009, we were requested to review and assess the proposed replacement of the naval hospital on Guam to determine whether the size and scope of the hospital will be sufficient to support the current and projected military mission requirements as well as the DOD beneficiary population on Guam. This report (1) describes the Navy's plans for developing its military treatment facility solution to meet the expected increases in the military population on Guam, and (2) examines the extent to which the Navy is assured that its proposed military treatment facility solution on Guam will sufficiently meet the requirements for the expected increase in military population.

To describe the Navy's plans for its proposed military treatment facility solution of a replacement hospital and two branch health clinics that will account for the expected increases in military population on Guam, we obtained documents detailing the Navy's plans for its proposed facilities, such as budget justifications, economic analyses, health care requirements analyses, construction estimates, cost estimates, and facility designs. We reviewed DOD's Draft Guam Joint Military Master Plan and compared it

¹The government of Japan is expected to contribute \$740 million in financing for the development and construction of utility infrastructure to be used by the Marine Corps and which is to be repaid by the United States. Japan will also contribute \$2.55 billion in financing, of which \$2.1 billion would be repaid by the United States for the development and construction of family housing for Marine Corps dependents. In addition, the government of Japan is also expected to provide \$2.8 billion in direct cash contributions to develop facilities and infrastructure to enable the relocation of the Marines, which is not planned to be repaid.

with the Navy's military treatment facility requirements. We also obtained and reviewed the contract issued for the replacement hospital. To examine the extent to which the Navy is assured that its proposed military treatment facility solution will adequately meet the requirements for the expected increase in military population, we focused on the timeframe from which TRICARE Management Activity approved the Navy's initial replacement hospital proposal in 2004 prior to the announcement of the Defense Policy Review Initiative and planned military buildup on Guam through the final approval in 2008, which followed the announcement of the Defense Policy Review Initiative.² We obtained and reviewed applicable legal and departmental guidance, including DOD instructions and directives, and compared them with the Navy's documented assumptions, methods, and economic cost analyses used to develop its proposed military treatment facilities requirements on Guam. To describe the Navy's plans for its proposed military treatment facility solution, and to examine the extent to which the Navy is assured that its proposed military treatment facility solution will adequately meet increased requirements, we also interviewed officials from the Navy Bureau of Medicine and Surgery, Navy Medicine West, Naval Hospital Guam, Headquarters Marine Corps, Marine Corp Forces Pacific, Naval Facilities Engineering Command Marianas, Naval Facilities Engineering Command Medical Facilities Design Office, Andersen Air Force Base 36th Medical Group, Joint Guam Program Office, and TRICARE Management Activity. Although we did not independently assess the data DOD used for planning purposes, we discussed its reliability with DOD officials and determined that the data were sufficiently reliable to meet the objectives of this engagement.

We conducted this performance audit from February 2010 through March 2011 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

²TRICARE Management Activity is a DOD field activity of the Under Secretary of Defense (Personal and Readiness) and operates under the authority, direction, and control of the Assistant Secretary of Defense (Health Affairs).

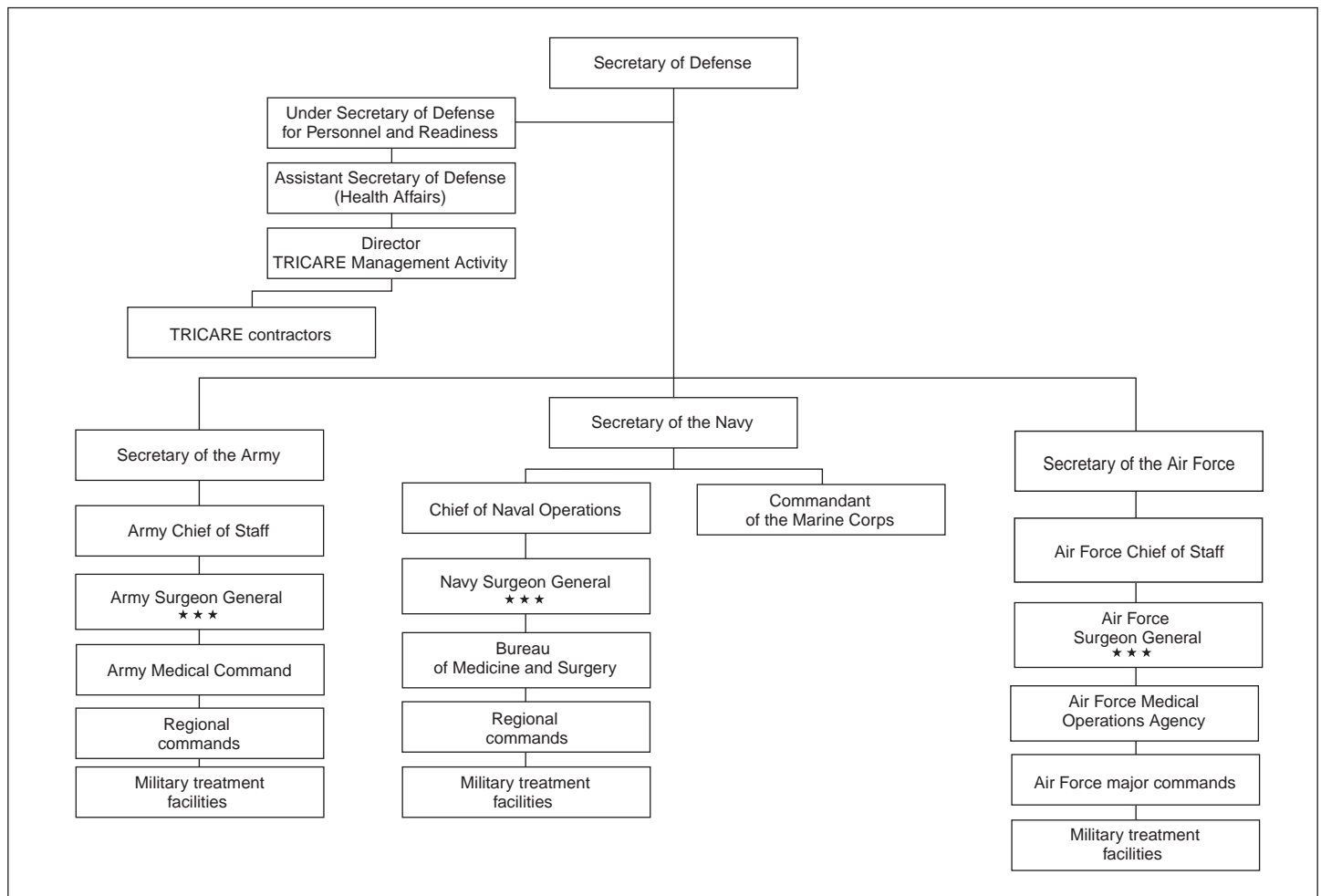
Background

DOD operates one of the largest and most complex health care systems in the nation and has a dual health care mission—readiness and benefits. DOD’s health care system is referred to as the Military Health System. The readiness mission provides medical services and support to the armed forces during military operations and involves deploying medical personnel and equipment as needed to support military forces throughout the world. The benefits mission provides medical services and support to members of the armed forces, their family members, and others eligible for DOD health care, such as retired service members and their families. DOD’s health care mission is carried out through military hospitals and clinics throughout the United States and overseas, commonly referred to as military treatment facilities, as well as through civilian health care providers. Military treatment facilities comprise DOD’s direct care system for providing health care to beneficiaries.

The Assistant Secretary of Defense (Health Affairs) is responsible for ensuring the effective execution of DOD’s health care mission and exercises authority, direction, and control over medical personnel authorizations and policy, facilities, funding, and other resources within DOD.³ The Director of TRICARE Management Activity, as seen in figure 1, reports to Health Affairs. TRICARE Management Activity develops and maintains the facilities planning, design, and construction criteria in support of DOD’s health care mission, and serves as the focal point for all issues pertaining to the acquisition, sustainment, renewal, and modernization of the full range of facilities within the Military Health System. Figure 1 displays the organizational structure of the Military Health System.

³For purposes of this report, the Assistant Secretary of Defense (Health Affairs) will be referred to as Health Affairs.

Figure 1: Current Military Health System Organizational Structure



Source: GAO analysis of DOD data.

TRICARE Management Activity is responsible for the acquisition of all military health care facilities worldwide, including the development and issuance of medical facility policy, programming, budgeting, design, and

construction of all projects.⁴ Moreover, it is responsible for the development, issuance, and maintenance of health care facilities planning and technical criteria as well as the management of financial resources for all planning, design, and construction of projects.

The Navy Bureau of Medicine and Surgery, the headquarters command for Navy Medicine, oversees the delivery of health care for the Navy and Marine Corps. It exercises direct control over naval hospitals, clinics, medical centers, dental centers, and preventative medicine units within the United States and overseas, and provides professional and technical guidance for the design, construction, staffing, and equipping of medical assets. Navy Medicine West is the regional command that helps manage and plan for the Navy's health care delivery and military treatment facilities in the Pacific region. Under Navy Medicine West's responsibility are all Navy military treatment facilities on the West coast, in Hawaii, Japan, and Guam.

DOD's Unified Facilities Criteria 4-510-01 (Unified Facilities Criteria) provide mandatory design and construction criteria for facilities in DOD's medical military construction program.⁵ This subpart of the Unified Facilities Criteria is primarily focused on how military treatment facilities are to be designed and constructed, but also requires that the military services submit planning documentation as part of the pre-design considerations that TRICARE Management Activity uses to issue a design

⁴For purposes of consistency in this report, we refer to military health care facilities as military treatment facilities. Military health care facilities refer to buildings or portions of buildings in which medical, dental, psychiatric, nursing, obstetrical, or surgical care is provided. These facilities include, but are not limited to, hospitals, nursing homes, limited care facilities, clinics and dental offices, and ambulatory care centers, whether permanent or movable.

⁵Under Secretary of Defense (Acquisition, Technology, and Logistics) memorandum, *Department of Defense Unified Facilities Criteria* (May 29, 2002). This memorandum states that the Unified Facilities Criteria are to be used by the Military Departments for the planning, design, construction, sustainment, restoration, and modernization of facilities, regardless of funding source.

authorization and approve a proposed project for funding.⁶ This planning documentation includes a DD Form 1391 (Military Construction Project Data), project narrative, program for design, equipment planning, project books and an economic analysis. Design authorizations are issued to a design agent, which is designated by the Secretary of Defense as being responsible for the design and construction of proposed facilities.⁷ In the case of Guam, Naval Facilities Engineering Command is the designated design agent responsible for military construction.

In addition to the above policy guidance and criteria for the planning of military treatment facilities, Office of Management and Budget guidance requires federal agencies to develop and implement internal controls to ensure, among other things, that programs achieve their desired objectives; and that programs operate and resources are used consistent with agency missions, in compliance with laws and regulations, and with minimal potential for waste, fraud, and mismanagement.⁸ Internal control, in its broadest sense, includes the plan of organization, policies, methods and procedures adopted by program management to meet its goals.

In addition to the standards for internal control identified by Office of Management and Budget, GAO has also identified standards for internal controls, which include (among other things) control activities.⁹ Control activities include policies, procedures, techniques, and mechanisms that enforce management's directives, which can include a wide range of activities such as approvals, authorizations, verifications; and documentation, which should be readily available for examination.

⁶DOD, Unified Facilities Criteria 4-510-01, *Unified Facilities Criteria: Medical Military Facilities* (Feb. 18, 2009, incorporating change 3 Nov. 19, 2009).

A design authorization refers to TRICARE Management Activity approval to proceed with the design of a proposed Military Health System facility project, including selection of an architecture and engineering firm. It usually designates the project, project fiscal year, project location, programmed amount, scope of the project (size in square feet), deviations from the submittal requirements in the Unified Facilities Criteria, and whether or not TRICARE Management Activity wishes to participate in selecting the architecture and engineering firm.

⁷Design agents for military treatment facilities are responsible for the design of projects following receipt of a design authorization from TRICARE Management Activity.

⁸Office of Management and Budget, Circular A-123, *Management Accountability and Control*, revised December 21, 2004.

⁹GAO, *Internal Control: Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: Nov. 1999).

Medical Facilities on Guam

The current Naval Hospital Guam and its associated military treatment facilities, including a branch medical clinic and branch dental clinic on Naval Base Guam, help support the operational readiness of the United States and allied forces operating in the Pacific region. These facilities have been in operation for over 50 years. The naval hospital provides services for active duty servicemembers and their family members stationed on Guam. Transient active duty servicemembers, military retirees (transient and living on Guam) and their family members, National Guard members, and officials from other federal agencies also receive health care from the naval hospital.

In addition to the Navy-operated military treatment facilities on Guam, the Air Force's 36th Medical Group located at Andersen Air Force Base operates a medical and dental clinic, renovated in 2006, that delivers primary medical and dental care to DOD beneficiaries in and around Andersen Air Force Base, which is on the northern part of the island.

A civilian hospital—Guam Memorial Hospital—as well as community health clinics are also on Guam. According to Navy planning documents, Military Health System beneficiaries typically do not use the services of Guam Memorial Hospital or the community health clinics, and will only be referred there by Naval Hospital Guam in the case of an emergency that occurred in closer proximity to Guam Memorial Hospital.

Military Buildup

The United States and Japan held a series of sustained security consultations, referred to as the Defense Policy Review Initiative, which were aimed at reducing the burden of the U.S. military presence on Japanese communities and strengthening the U.S.-Japan security alliance. By 2006, these consultations established the framework for the future U.S. force structure in Japan, including the relocation of military units from Okinawa, Japan to Guam. An estimated 8,600 Marines and their estimated 9,000 dependents are expected to relocate from Okinawa, Japan to Guam. In addition, the United States plans to expand the capabilities and presence of the Army, Navy, and Air Force on Guam over the next several years. As such, the military population on Guam is expected to grow by over 160 percent, from 15,000 to over 39,000 by 2020.

The Deputy Secretary of Defense established the Joint Guam Program Office to facilitate, manage, and execute requirements associated with the relocation of U.S. Marine Corps assets from Okinawa, Japan to Guam. The Joint Guam Program Office is also expected to lead the coordinated planning efforts and synchronize the funding requirements between DOD

components, and to work closely with other stakeholders, such as the government of Japan. The Joint Guam Program Office receives planning assistance from the Naval Facilities Engineering Command in conducting analyses and developing an acquisition strategy for infrastructure needed to support DOD operational requirements. The Naval Facilities Engineering Command executes contracts for construction and infrastructure projects including those funded by contributions from the government of Japan.

The Navy Plans to Replace the Current Hospital and Construct Two New Branch Health Clinics to Meet Increased Health Care Demand on Guam

To accommodate the additional inpatient and outpatient requirements resulting from the expected increase in the military population on Guam, the Navy plans to expand inpatient and outpatient care in the replacement hospital and move primary outpatient and dental care to the two new branch health clinics.¹⁰ According to Navy officials, the development of the requirements for the clinics allowed the Navy to retain the size and footprint of the initially planned version of the replacement hospital, which was already programmed and approved by TRICARE Management Activity in 2004, prior to the announcement of the Defense Policy Review Initiative. The hospital will be funded through DOD military construction appropriations, while the two outpatient primary care clinics are to be funded through a special Department of the Treasury account established to hold funds contributed by the government of Japan as part of the agreement to realign military units from Japan to Guam. Although the Navy's proposed military treatment facility solution on Guam expands on the health care services currently offered on Guam, the Navy determined that patients requiring care not offered on Guam will continue to be medically evacuated to other military treatment facilities, such as Naval Hospital Okinawa, Tripler Army Medical Center in Hawaii, or Naval Medical Center San Diego.

Plans for the Navy's Replacement Hospital on Guam Changed Following the Announcement of the Realignment

The Navy determined that to accommodate the additional inpatient and outpatient requirements for active duty and family member populations on Guam following the military buildup, it would need to construct three military treatment facilities consisting of a replacement hospital and two branch health clinics. However, prior to the announced realignment of troops from Okinawa, Japan to Guam, the Navy had already determined

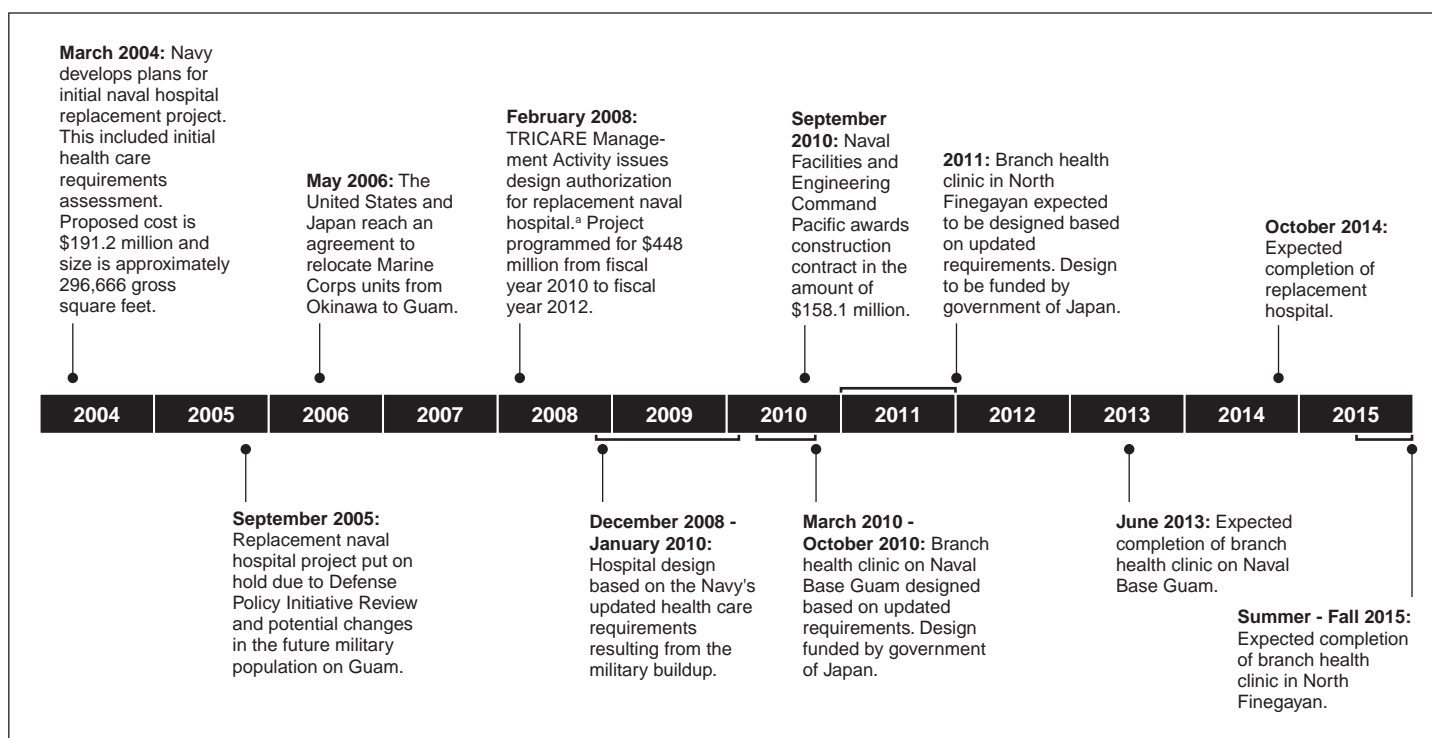
¹⁰Primary outpatient care generally includes caring for acute and chronic illnesses, disease prevention, screening, patient education, and health promotion.

that the current hospital was outdated and did not meet modern facility standards such as efficient space configurations, and the building's structure does not meet modern seismic codes. Additionally, Navy planning documents show that from a functional perspective, the current hospital is poorly designed to provide efficient health care delivery. Navy officials said that preliminary planning efforts for replacing Naval Hospital Guam started in the 1990s, but it was not until early 2004 that planning began in earnest. By 2005, the Navy was in the process of designing a replacement hospital. The Navy's original plans for a replacement hospital were predicated on a beneficiary population of around 19,700 and were to include all outpatient primary care, including dental care, within the hospital, while closing the current branch medical clinic and branch dental clinic on Naval Base Guam.

When the military realignment was subsequently announced in 2006, Navy officials said all design plans were put on hold in accordance with direction from TRICARE Management Activity, and the Navy reassessed its health care requirements for Guam. An estimated 8,600 Marines and their estimated 9,000 dependents are expected to relocate from Okinawa, Japan to Guam. With the United States' additional plans to expand the capabilities and presence of the Army, Navy, and Air Force on Guam over the next several years, the military population on Guam is expected to grow by over 160 percent, from 15,000 to over 39,000 by 2020. When other types of Military Health System beneficiaries, such as DOD civilians and military retirees are taken into account, the eligible beneficiary population for the naval hospital is expected to grow to about 46,000 people.

The hospital will replace the current hospital with expanded inpatient and outpatient care, while the new branch health clinics are to provide primary outpatient and dental care. Figure 2 provides a timeline leading up to the Navy's recommended military treatment facility solution to meet the requirements of the expected increase in military population.

Figure 2: Timeline Leading up to the Development of the Navy's Military Treatment Facility Solution on Guam

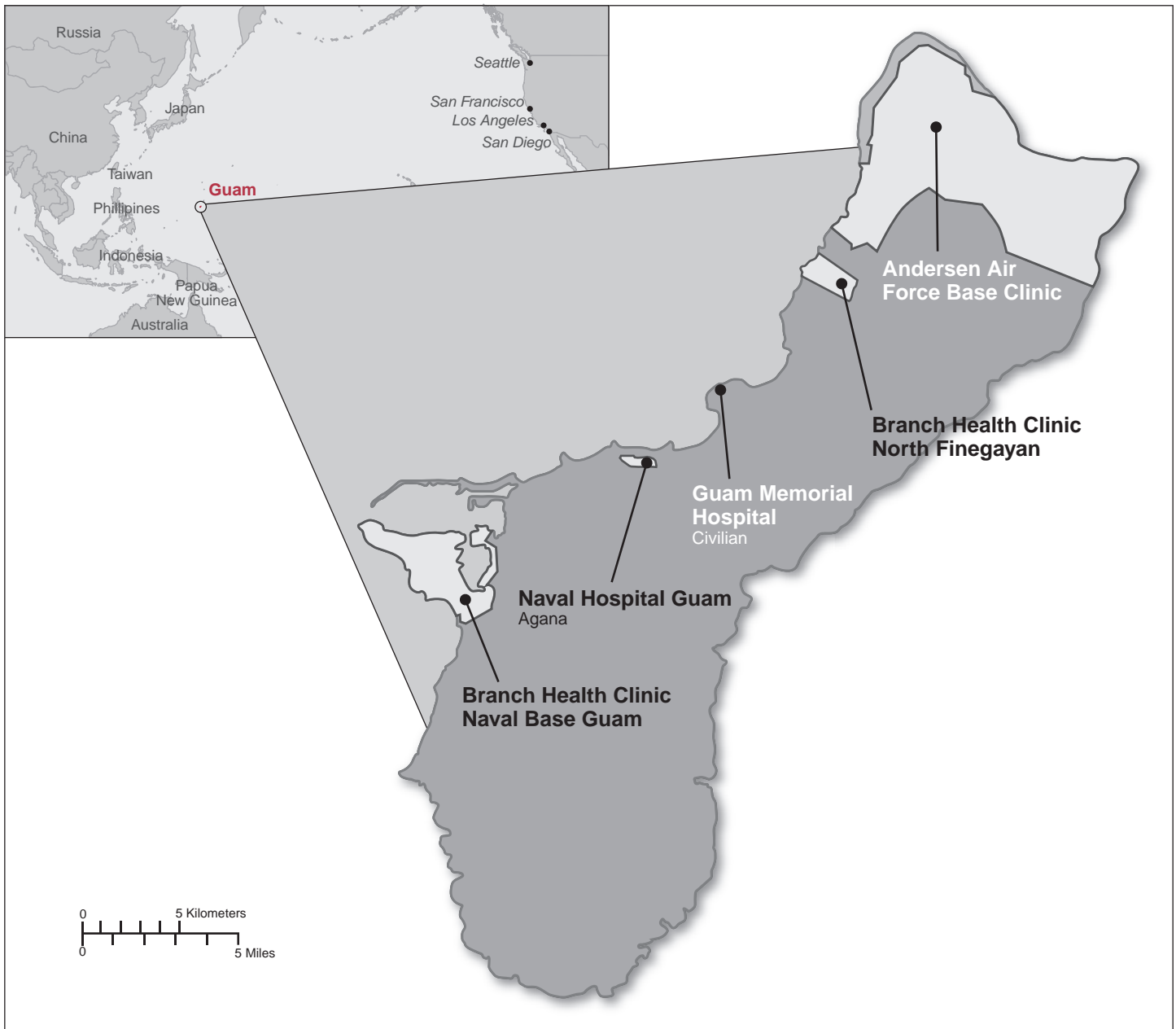


Source: GAO analysis of DOD data.

^aA design authorization refers to TRICARE Management Activity approval to proceed with the design of a proposed Military Health System facility project, including selection of an architecture and engineering firm. It usually designates the project, project fiscal year, project location, programmed amount, scope of the project (size in square feet), deviations from the submittal requirements in the Unified Facilities Criteria, and whether or not TRICARE Management Activity wishes to participate in selecting the architecture and engineering firm.

The replacement hospital will be located on the site of the current hospital, while a new branch health clinic will replace the medical and dental clinics currently in operation on Naval Base Guam, and a new branch health clinic will be located in North Finegayan. In addition to these facilities, the Air Force 36th Medical Group operates a medical and dental clinic on Andersen Air Force Base, and Guam Memorial Hospital is the island's only civilian hospital. Figure 3 shows the location of medical treatment facilities on Guam following the military buildup.

Figure 3: Medical Treatment Facilities Post-Buildup on Guam



Source: GAO.

Note: The replacement hospital and branch health clinics on Naval Base Guam and North Finegayan comprise the Navy's recommended military treatment facility solution. In addition, Andersen Air Force Base medical and dental clinic is also available to DOD beneficiaries. Guam Memorial Hospital is the island's only civilian hospital.

The Navy determined that the branch health clinic in North Finegayan was needed to serve the Marine Corps beneficiaries that are to be housed at or near the proposed Marine Corps base. Moreover, the Navy determined that the need for expanded inpatient and outpatient capabilities at the replacement naval hospital displaced the primary care capacity to such a degree that it necessitated a need for a new branch health clinic on Naval Base Guam. The Navy expects to begin construction on the Naval Base Guam branch health clinic before the North Finegayan branch health clinic. According to Navy officials, the development of the clinics also allowed the Navy to maintain the size and footprint of the replacement hospital, the initial version of which had already been programmed and approved by TRICARE management activity.

The Navy requested that since the proposed branch health clinics were required as a result of the military buildup, the government of Japan should fund the design and construction of the two facilities. The government of Japan agreed to fund the design and construction of the two clinics as part of its anticipated \$6.09 billion to help develop facilities and infrastructure for the Marine Corps' relocation to Guam. The DD Form 1391 (Military Construction Project Data) prepared for each of the branch health clinics show the total cost to construct the two clinics to be currently estimated at about \$226 million.

The Navy's Military Treatment Facility Solution Provides Additional Capacity for Health Care Services Currently Offered on Guam

The planned hospital that will replace the current hospital is primarily focused on providing inpatient and specialty care, while the branch health clinics are to provide primary outpatient and dental care. Navy officials said that the footprint of the replacement hospital was based on the Navy's original 2004 design for a replacement hospital because the Navy did not want to change the overall size of the hospital since significant changes would have likely delayed construction. As such, the amount of primary care available in the hospital is expected to fall below that needed for the expanded beneficiary population. However, the majority of such care is now intended to be provided by the proposed branch health clinic on Naval Base Guam and the proposed branch health clinic in North Finegayan.

The replacement hospital's configuration includes the following:

Increased number of beds: Navy planning documents show that the number of inpatient beds will increase to 42 beds to accommodate the expected increase in the service member and family populations. The Navy's planning documents for the initial proposal of the replacement

hospital show that the replacement hospital prior to the announcement of the military buildup was to house 30 inpatient beds. The Navy's updated planning documents for the replacement hospital developed in response to the buildup show that the Navy used its initial plans for 30 beds as a minimum starting point and then developed requirements for an additional 10 beds. Navy planning documents also showed that two additional intensive care beds were added to the proposed hospital subsequent to an accident aboard the U.S.S. Frank P. Cable in December 2006 which, according to the Navy, greatly taxed the capabilities of the current hospital. This resulted in a final requirement of 42 inpatient beds in the proposed replacement hospital.

Expanded services: Navy officials explained that the replacement hospital will further expand its current capabilities by providing more robust orthopedic services, mental health services, and obstetrics and gynecology services. In addition, the replacement hospital will add an onsite Magnetic Resonance Imaging capability. Table 1 below shows key changes, by square footage, for the services that are to be provided at the replacement naval hospital. The Navy believes that this configuration of space and services will best meet the health care needs of the increased military population following the buildup.

Table 1: Expected Change in Dedicated Hospital Space for Services at Naval Hospital Guam

Department name	Square footage (SF)		Percentage change in department space
	Current	Replacement	
Urology	1,140 SF	4,256 SF	273%
Radiology	5,562	15,280	175
Internal Medicine / Cardiology / Respiratory Therapy	2,519	6,321	151
Ear, Nose, and Throat / Audiology	1,662	3,983	140
Dermatology Clinic	946	1,904	101
Mental Health	2,313	4,116	78
Dental / Oral Surgery	2,115	3,255	54
Laboratory	6,345	9,575	51
Orthopedics / Podiatry / Chiropractic / Sports Medicine	3,926	5,152	31
Pharmacy	3,815	4,638	22
Obstetrics and Gynecology	7,570	8,042	6

Department name	Square footage (SF)		Percentage change in department space
	Current	Replacement	
Preventative Medicine ^a	2,572	2,400	-7
Pediatrics ^a	6,383	5,762	-10
General and Specialty Surgical Clinics ^a	5,421	4,487	-17
Ophthalmology / Optometry ^a	8,023	5,222	-35
Physical Therapy ^a	5,017	3,138	-37
Primary Care / Family Practice ^a	12,170	1,679	-86

Source: DOD.

^aAccording to the Navy, decreases in some department space are due to increased efficiencies in the design of the replacement hospital, and several services, including primary care and family care, are to be provided at the proposed branch health clinics.

Navy planning documents show that the size of the replacement hospital will actually decrease from 306,000 square feet of the current hospital's size to 282,000 square feet. According to the Navy, the compact footprint of the replacement hospital will improve proximity between related departments and increase staff efficiency as patient travel distances and facility congestion will be reduced by organizing high traffic clinic and ancillary areas closer to main entrances thereby enhancing patient care and permitting the smaller size without compromising services. In addition, clinics and inpatient activities with lower patient volume will be located on the upper floors.

Updated seismic design: Navy planning documents show that there are primary life safety issues as yet unresolved in the current facility related to seismic design deficiencies. Navy plans show that the replacement hospital will be up-to-date on all applicable seismic standards and codes. Since Guam is in a region where typhoons occur, the replacement facility will also be current on all standards and codes relating to the impact from heavy winds.

Flexibilities: The replacement hospital will consist of "flexible rooms" which allow for the conversion of medical/surgical rooms into intensive care rooms and vice versa. The replacement hospital will also have the flexibility to convert doctors' offices into exam rooms and exam rooms into offices. Thus, in times of contingency or surge operations, the replacement hospital will have the flexibility to temporarily expand to up to 60 beds.

The proposed branch health clinics are to provide a variety of outpatient services including the majority of primary care for the Navy's proposed military treatment facility solution on Guam. As demonstrated in table 1 above, the majority of the primary care has been removed from the replacement hospital—it decreased by 10,491 square feet from 12,170 square feet to 1,679 square feet or by 86 percent. The 48,599 square foot Naval Base Guam branch health clinic is expected to offer several outpatient services including primary care and family practice, a pharmacy, a dental clinic, mental health services, a physical therapy clinic, preventive medicine and acute care. The 64,078 square foot North Finegayan branch health clinic will be slightly larger than the Naval Base Guam branch clinic but will offer similar services including primary care and family practice, a pharmacy, a dental clinic, mental health services, a physical therapy clinic, and preventive medicine. The Navy has completed the design of the Naval Base Guam branch health clinic and expects to begin construction on it before the North Finegayan branch health clinic, although no construction contracts have been awarded at this time for either of the two branch health clinics.

The Navy's proposed military treatment facility solution on Guam expands on the health care services currently offered on Guam, but in instances when patients require care not offered on Guam, the Navy determined that it will continue to medically evacuate them to other military treatment facilities, such as Naval Hospital Okinawa, Tripler Army Medical Center in Hawaii, or Naval Medical Center San Diego.

The Navy Did Not Fully Document Its Analyses Supporting Its Proposed Guam Military Treatment Facility Solution

The Navy's documentation used to support its recommended facility solution does not clearly demonstrate to stakeholders, including TRICARE Management Activity, how the Navy determined the size and configuration of the proposed branch health clinics. To account for the population increase and support the conclusions regarding the size and configuration of the recommended facility solution, the Navy developed its health care requirements analysis report for Guam.¹¹ Navy officials indicated that the health care requirements analysis clearly justifies the need for a replacement hospital and two outpatient clinics. However, although the Navy's health care requirements analysis accounts for the expected increase in health care workload by multiplying the health care utilization rates observed in a base year for different types of beneficiaries and health care services by the anticipated beneficiary population, it does not show how this workload translates into the size and configuration of the Navy's proposed facilities because it omits documentation on the methods and criteria for how the Navy reached staffing decisions for its proposed facilities and does not show the workload expected to be performed at each facility. Since TRICARE Management Activity is responsible for the construction of all military health care facilities worldwide as provided for in the Unified Facilities Criteria, it needs reasonable assurance that the Navy's plans for its military treatment facility solution on Guam, including the proposed branch health clinics, meet Military Health System goals of having appropriately sized and configured facilities to meet the health care needs of military beneficiaries in a cost-effective manner. Detailed and appropriate documentation is a key component of internal controls.¹² In addition, documentation must be clear and readily available for examination for stakeholders to make effective decisions about programs or operations. Further, without clear documentation of key analyses, stakeholders lack reasonable assurance that the Navy's proposed military treatment facility on Guam will provide health care capacity sufficient to

¹¹Navy Facilities and Engineering Command, *Healthcare Requirements Analysis for Guam Navy and Dental Facilities Final Report* (Washington, D.C.: April 2007). The purpose of a health care requirements analysis is to provide an assessment of the total demand for health care services generated by the population of eligible beneficiaries in the region served regardless of where they receive care. The health care requirements analysis also describes the product lines and staffing necessary to meet demand. The workload and staffing assessment in the health care requirements analysis allows the estimation of key facility spaces required in the military treatment facility.

¹²GAO, *Internal Control: Standards for Internal Control in the Federal Government*. [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: Nov. 1999).

meet the expected increase in military population and whether the Navy is making the most cost-effective decisions.

The Navy Only Partially Documented How It Determined the Size and Configuration of Its Proposed Guam Military Treatment Facilities

Generally, the combination of health care workload and staffing requirements are key considerations when determining the size and configuration of military treatment facilities according to the Navy's health care requirements analysis report. DOD space planning guidance shows that, among other things, workload and staffing are used to size and configure facilities to help ensure appropriate facility space.¹³ DOD Instruction 6015.17 describes the procedures to be used by the military departments to prepare project proposals for military treatment facilities.¹⁴ This instruction also identifies the types of documentation needed to support a project proposal. Navy officials provided the results of their health care requirements analysis as part of their response to DOD Instruction 6015.17 when determining the size and configuration of their military treatment facilities on Guam. However, the Navy did not clearly document all the health care and staffing analyses that would support its conclusions for the size and configuration of its proposed military treatment facility solution.

The Navy's Health Care Requirements Analysis Report Provided Projections for Health Care Workload, Staffing, and Bed Size for its Proposed Military Treatment Facilities on Guam Following the Realignment

We were told that many of the Navy's decisions regarding the size and configuration of its proposed military treatment facilities on Guam are justified and supported by its health care requirements analysis. The purpose of the health care requirements analysis was, in part, to develop the size and configuration of the Navy's proposed military treatment. The Navy's health care requirements analysis also provides an overview of the types of health care services currently offered on Guam. The health care analysis also estimates the overall health care workload for the services the Navy intends to offer on Guam following the realignment. The workload is categorized by the type of health care service and includes outpatient visits, inpatient beddays, and ancillary workload (i.e., pharmacy prescriptions and laboratory and radiology procedures) required by the anticipated beneficiary population. In addition, workload estimates are organized into different beneficiary categories including active duty per military service, expected family members per military services, and

¹³DOD, *DOD Space Planning Criteria for Health Facilities*. (Washington, D.C.: Jan. 28, 2002).

¹⁴DOD Instruction 6015.17, *Planning and Acquisition of Military Health Facilities* (Mar. 17, 1983).

The Navy's Health Care Requirements Analysis Report Omitted Details That Help Support the Navy's Determination Regarding the Size and Configuration of Its Proposed Facilities on Guam

retirees, among others. The health care requirements analysis uses the overall estimated workload to recommend the types of health care services to be provided at the replacement hospital, the number of staff needed to provide these services, as well as the overall bed requirements for the hospital.

The Navy's health care requirements analysis report omits details that would help better document and support how the Navy determined the size and configuration of its recommended facility solution on Guam. Moreover, Navy officials could not adequately explain the reasons for the omissions nor how the analysis that was documented led logically to the conclusions arrived at for the Guam military health facility solution. For example, the Navy's analysis did not contain the break down of the forecasted health care workload by each proposed facility to clearly show the portions of the DOD beneficiary population that are expected to receive primary care at each clinic, or the number of outpatient visits and the ancillary workload that are expected to be provided at each clinic. Therefore, the health care requirements analysis does not show how the Navy determined the size of the proposed outpatient clinics, given that workload is a key component of facility space requirements.

In addition, the Navy's health care requirements analysis did not include the Navy's reasoning for continuing to meet demands for certain specialty services not provided at the naval hospital, such as neonatal intensive care, by flying patients to other military treatment facilities in the region such as those in Okinawa, Japan; Honolulu, Hawaii; or San Diego, California. Forecasting the expected health care workload for just those specific health care services expected to be offered on Guam may suffice for the purposes of sizing military treatment facilities, however it does not show the total health care requirement for DOD beneficiaries on Guam, demonstrate how the total health care requirement will be met, or provide a business case justification for the mix of services to be offered at the proposed military treatment facilities on Guam as opposed to those offered off island. Navy officials told us that in deciding what health care services to provide on Guam, they held discussions with pertinent medical officials and considered factors such as the size of the beneficiary population, the expected workload, and the availability of staff. Nonetheless, the Navy's documentation provided to support these decisions shows that the Navy assumed no new inpatient services would be provided on Guam and only neurology would be added to outpatient care. However, this documentation does not easily allow for external stakeholder examination by TRICARE Management Activity and other stakeholders—a key aspect of internal controls—in that it does not clearly

show why certain health care services were assumed to be included or excluded.

The Navy reported the staffing requirements for its recommended facility solution in its health care requirements analysis, but the methods and criteria for how the Navy reached decisions are not clearly documented. DOD policy requires that manpower requirements generally (including staffing for military treatment facilities) be established at the minimum level necessary to accomplish mission and performance objectives.¹⁵ In the health care requirements analysis report, the Navy noted that they determined the additional staffing needs to meet health care requirements associated with the military buildup on Guam through a series of discussions with Navy headquarters, regional, and Guam medical commands. However, when we asked for additional information on how staffing requirements were determined for the proposed facilities, the Navy could not provide documentation or explain what was discussed at these meetings or the decision process leading up to their staffing requirement decisions other than stating that the limited number of available medical specialists was a key factor that influenced staffing requirements decisions for the proposed military treatment facilities on Guam.

During the course of our review, we asked Navy officials to explain the assumptions used in health care requirements analysis as well as how the health care requirements analysis was used to determine the size of the replacement hospital and clinics. In some instances, the officials could not provide an explanation and said that they will request that future health care requirements analyses clearly illustrate all the steps and calculations used to determine facility requirements. In other instances, the Navy's explanations and additional supporting documentation did not match the results of the health care requirements analysis. For example, DOD space planning guidance notes that the annual number of births of the projected beneficiary population is used, among other things, to help determine the size and configuration of labor and delivery units. However, the Navy's health care requirements analysis used a different metric (the number of obstetrics inpatient visits). Existing documentation does not clearly demonstrate how the Navy determined the projected number of births or how the results of the health care requirements analysis report's number of obstetrics visits would translate to the size of the replacement hospital's

¹⁵DOD Directive 1100.4, *Guidance for Manpower Management* (Feb. 12, 2005).

labor and delivery units. Navy officials told us that the health care requirements analysis was still up-to-date, though we found that the report does not currently reflect the design plans for the proposed clinic on Naval Base Guam. For example, the design plans of the proposed clinic on Naval Base Guam indicate a projected visit rate of 64,271 visits per year. It indicates that the number of visits was derived from the health care requirements analysis. However, the health care requirements analysis does not break down the workload per facility. Therefore it is unclear how this number is supported. In addition the design plans show that 65 staff members will be working at the Naval Base clinic, whereas the health care requirements analysis projects a need for 25 staff members.

Since the Navy's health care requirements analysis is not sufficiently documented, specifically with regard to health care and staffing requirements, both the Navy and TRICARE Management Activity may not be sufficiently assured that (1) Navy's military treatment facility solution of the replacement hospital and two branch health clinics will be adequate to meet the demand of the military population on Guam and (2) result in the most cost-effective facility solution that will meet the expected increase in military population on Guam.

TRICARE Management Activity Issued the Design Authorization for the Navy's Replacement Hospital but Not the Two Clinics Funded by the Government of Japan

TRICARE Management Activity is responsible for, among other things, the acquisition of all military health care facilities worldwide, including the planning, design, and construction of all military health care projects.¹⁶ The Unified Facilities Criteria also provide for a process for TRICARE Management Activity to approve the design of a proposed military treatment facility project. TRICARE Management Activity issued the design authorization of the Navy's replacement hospital in May 2008. However, according to TRICARE Management Activity officials, they were not responsible for issuing the design authorization for each clinic since the design and construction of the clinics is to be funded by the government of Japan, and TRICARE Management Activity stated that it is responsible only for projects which it funds. Since funding for the design and construction of the clinics is provided by the government of Japan, these officials said that the Joint Guam Program Office would lead the acquisition team and be responsible for ensuring compliance with the

¹⁶DOD, Unified Facilities Criteria 4-510-01, *Unified Facilities Criteria: Medical Military Facilities*.

Unified Facilities Criteria. This would include issuing the design authorizations for the clinics.

Conversely, officials from the Joint Guam Program Office said that projects to be constructed with government of Japan funding should follow procedures outlined in the Unified Facilities Criteria. In addition, these officials noted that the design authorizations for the clinics were provided by Naval Facilities Engineering Command headquarters, which is the design agent for military construction on Guam. However, the Unified Facilities Criteria indicate that TRICARE Management Activity is to provide design authorizations to the design agent. Moreover, the design agent is not to pursue any level of design beyond what is authorized by TRICARE Management Activity. In the case of the clinics, the design agent, Naval Facilities Engineering Command, issued its own design authorization, thereby calling into question whether the policies and procedures of the Unified Facilities Criteria were followed.

Although TRICARE Management Activity did not issue the design authorizations for the clinics, the activity's officials said they reviewed the requirements for the clinics based on results of the Navy's health care requirements analysis. However, as stated earlier, the Navy's health care requirements analysis did not fully document key analyses such as the forecasted workload for each of the proposed clinics and the methods and criteria for how the Navy reached the staffing decisions, raising questions about the basis for TRICARE Management Activity's review. Conclusions

The Navy determined that to accommodate the additional inpatient and outpatient requirements of the increased military population on Guam following the military buildup, it would need to construct three military treatment facilities consisting of a replacement hospital and two branch health clinics. However, the Navy's health care requirements analysis report does not clearly document the analyses and assumptions used by the Navy to determine its military treatment facility requirements, including forecasting health care demand and determining health care workload and staffing requirements nor could Navy officials adequately explain their analyses or assumptions. Such documentation facilitates external stakeholder examination and can lead to reasonable assurance of the adequacy of facilities to meet mission requirements. Without such documentation, the Navy cannot fully demonstrate to TRICARE Management Activity and other stakeholders that its conclusions about the size and configuration of its military treatment facility solution result in the most cost-effective solution in meeting the health care needs of the expected increase in military population on Guam.

Recommendation for Executive Action

In order to ensure that the Navy's proposed branch health clinics on Guam are properly reviewed and are consistent with Military Health System goals of having appropriately sized and configured facilities to meet the health care needs of military beneficiaries in a cost-effective manner, we are recommending that the Secretary of Defense direct the Secretary of the Navy to provide clearly documented analyses to TRICARE Management Activity as part of DOD's process for issuing design authorizations for military treatment facilities. These analyses should, at a minimum, provide details of the basis for its health care workload and staffing requirements on Guam. These documented analyses should also include the specific health care requirements to be met at each of the branch health clinics, and the methods and criteria for how staffing decisions for each facility were made.

Agency Comments and Our Evaluation

In written comments to a draft of this report, the Assistant Secretary of Defense (Health Affairs) agreed with our recommendation to have the Secretary of Defense direct the Secretary of the Navy to provide additional analyses to ensure that the Navy's proposed branch health clinics on Guam are properly reviewed and are consistent with the Military Health System goals of having appropriately sized and configured facilities to meet the health care needs of military beneficiaries in a cost-effective manner. DOD notes that since the draft report was issued, the Navy Bureau of Medicine and Surgery has already provided additional information to the Office of the Assistant Secretary of Defense (Health Affairs) related to the planning for the two branch health clinics. In addition, the Office of the Assistant Secretary of Defense (Health Affairs) is reviewing this information and will validate the Navy analysis within the next 30 days to ensure the branch health clinics have been appropriately sized and located to meet the beneficiary health care needs. The Assistant Secretary of Defense (Health Affairs) also noted that the insights gained from this audit will be applied to future health care planning efforts for other Military Treatment Facilities throughout DOD.

DOD's comments also included input from the Navy Bureau of Medicine and Surgery to the Office of the Assistant Secretary of Defense (Health Affairs). The Bureau countered that the replacement hospital augmented by two new clinics is a highly efficient solution and that their documentation supported that conclusion. They also note that the Navy concept of care for Guam is clearly documented in the health care requirements analysis report dated February 2007, which provides the foundation for the Medical Facilities Master Planning Study, detailing the proposed facility solutions. As stated in our report, we believe that the

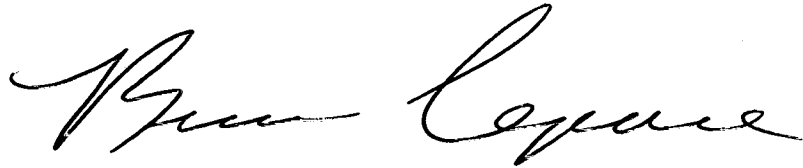
Navy's documentation used to support its recommended military treatment facility solution for Guam does not clearly demonstrate how the Navy determined the size and configuration of the proposed branch health clinics. The Bureau noted that its Medical Facilities Master Planning Study draws specific planning methods and data sources from the health care requirements analysis. The Medical Facilities Master Planning Study states that the health care requirements analysis provides documentation of beneficiary health care requirements and resulting facility space needs. However, as we note in our report, the health care requirements analysis does not show how these requirements translate into the size and configuration of the Navy's proposed facilities because it omits documentation on the methods and criteria for how the Navy reached staffing decisions for its proposed facilities. Further, the Navy's documentation, including the Medical Facilities Master Planning Study, did not contain the break down of the forecasted health care workload by each proposed facility to clearly show the portions of the DOD beneficiary population that are expected to receive primary care at each clinic, or the number of outpatient visits and the ancillary workload that are expected to be provided at each clinic, thus the need for our recommendation.

DOD also provided technical and clarifying comments, which we incorporated as appropriate into this report. DOD's comments are reprinted in their entirety in appendix II.

We are sending copies of this report to the appropriate congressional committees. We are also sending copies to the Secretary of Defense; the Secretaries of the Army, the Navy, and the Air Force; the Commandant of the Marine Corps; and the Director of the Office of Management and Budget. This report also is available at no charge on our Web site at <http://www.gao.gov>.

If you or your staff have any questions, about this report, please contact me at (202) 512-4523 or leporeb@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page

of this report. GAO staff who made major contributions to this report are listed in appendix III.

A handwritten signature in black ink, appearing to read "Brian Lepore". The signature is fluid and cursive, with the first name "Brian" and last name "Lepore" clearly distinguishable.

Brian J. Lepore
Director, Defense Capabilities and Management

Appendix I: Scope and Methodology

Our objectives were to (1) describe the Navy's plans for developing a military treatment facility solution to meet the expected increases in the military population on Guam, and (2) examine the extent to which the Navy is assured that its proposed military treatment facility solution on Guam will adequately meet the requirements for the expected increase in military population.

To describe the Navy's plans for its proposed military treatment facility solution for Guam following the realignment, consisting of a replacement hospital and two branch health clinics, we reviewed Navy planning documents and interviewed relevant Department of Defense (DOD) officials. These planning documents included studies and analyses prior to the announced realignment of Marine Corps units from Okinawa, Japan to Guam, and were used by the Navy to determine the condition of existing naval military treatment facilities, and to select potential sites for the new facilities. We also reviewed the Navy's 2007 Final Report on Health Care Requirements Analysis for Guam Navy Medical and Dental Facilities, which updated and reassessed prior Navy analyses to reflect the military population increases resulting from the proposed realignment. In addition, we obtained and reviewed the DD Form 1391 (Military Construction Project Data) for the replacement hospital and each branch health clinic. We also obtained and reviewed the Navy's final design of the replacement hospital prior to construction and compared it with the replacement hospital construction contract issued by Naval Facilities Engineering Command. Further, we reviewed DOD's Draft Guam Joint Military Master Plan and compared it with the Navy's military treatment facility requirements. To corroborate the information obtained in these Navy planning documents we interviewed relevant officials from the Navy Bureau of Medicine and Surgery, Navy Medicine West, Naval Hospital Guam, Headquarters Marine Corps, Marine Corp Forces Pacific, Naval Facilities Engineering Command Marianas, Naval Facilities Engineering Command Medical Facilities Design Office, Andersen Air Force Base 36th Medical Group, Joint Guam Program Office, and TRICARE Management Activity.

To examine the extent to which the Navy is assured that its proposed military treatment facility solution on Guam will adequately meet the requirements for the expected increase in military population, we obtained and reviewed applicable legal and departmental guidance, including DOD instructions and directives, and compared them with the Navy's documented assumptions, methods, and economic cost analyses used to develop its proposed military treatment facilities requirements on Guam. We reviewed DOD Instruction 1100.4, Guidance for Manpower

Management, and compared this guidance with the documentation provided to us by the Navy to support its staffing decisions for the replacement hospital and proposed branch health clinics. To determine the extent to which the Navy's conclusions regarding the size and configuration of its proposed military treatment facilities on Guam were clearly documented to allow for external stakeholder examination, we reviewed internal control standards as described in the GAO report *Internal Control: Standards for Internal Control in the Federal Government*.¹ We also reviewed Office of Management and Budget guidance that defines management responsibilities for internal controls for executive branch agencies.² The primary Navy document we reviewed was the Navy's 2007 Final Report on Health Care Requirements Analysis for Guam Navy Medical and Dental Facilities. The Health Care Requirements Analysis was developed to support the Navy's decisions concerning its proposed military treatment facility solution and its purpose was to determine the projected facility characteristics required to support the health care needs of Military Health System beneficiaries on Guam following the proposed military buildup. As part of this review, we attempted to replicate and reproduce key calculations presented in the documentation so as to verify the planning assumptions used by the Navy and substantiate the Navy's conclusions about the size and configuration of the facilities that comprise its facility solution.

We also reviewed information used in the Navy's economic analyses that was submitted to TRICARE Management Activity for approval of the replacement hospital. We did not independently assess the data DOD used for planning purposes; however, we discussed its reliability with DOD officials and determined that the data were sufficiently reliable to meet the objectives of this review. Additionally, to corroborate the information above, we interviewed relevant DOD officials from the Navy Bureau of Medicine Surgery, Navy Medicine West, Naval Hospital Guam, Headquarters Marine Corps, Marine Corp Forces Pacific, Naval Facilities Engineering Command Marianas, Naval Facilities Engineering Command Medical Facilities Design Office, Andersen Air Force Base 36th Medical Group, Joint Guam Program Office, and TRICARE Management Activity.

We conducted this performance audit from February 2010 through March 2011 in accordance with generally accepted government auditing

¹ [GAO/AIMD-00-21.3.1](#).

² OMB Circular No. A-123.

standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Comments from the Department of Defense



THE ASSISTANT SECRETARY OF DEFENSE

1200 DEFENSE PENTAGON
WASHINGTON, DC 20301-1200

MAR 24 2011

HEALTH AFFAIRS

Mr. Brian J. Lepore
Managing Director
Defense Capabilities and Management
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Lepore:

This is the Department of Defense (DoD) response to the Government Accountability Office (GAO) Draft Report, "GAO-11-206, 'DEFENSE INFRASTRUCTURE: The Navy Needs Better Documentation to Support Its Proposed Military Treatment Facilities on Guam,'" dated February 16, 2011 (GAO # 351440). Thank you for the opportunity to review the draft report and provide comments. This engagement has been both informative and valuable. We acknowledge there were shortcomings in providing GAO the documentation to support the proposed branch health clinics.

I concur with comment regarding the recommendation to have the Secretary of Defense direct the Secretary of the Navy to provide additional analyses. Since the draft report was issued, the Navy Bureau of Medicine and Surgery (BUMED) has already provided additional information to the Office of the Assistant Secretary of Defense (Health Affairs) (OASD(HA)) related to the planning for the two branch health clinics. OASD(HA) is reviewing this information and will validate the Navy analysis within the next 30 days to ensure the branch health clinics have been appropriately sized and located to meet the beneficiary health care needs. If additional information is required, OASD(HA) will coordinate directly with BUMED.

The insights gained from this interaction will be applied to future health care planning efforts for other Military Treatment Facilities throughout DoD. We thank you for your careful review and analyses of these requirements.

Our points of contact are Mr. Clayton Boenecke (Functional) who can be reached at (703) 681-4329, or via Clayton.Boenecke@tma.osd.mil. Mr. Gunther Zimmerman (Audit Liaison) may be reached at (703) 681-4360, or via e-mail at Gunther.Zimmerman@tma.osd.mil.

Sincerely,

A handwritten signature in black ink, appearing to read "Jonathan Woodson".

Jonathan Woodson, M.D.

Attachment:
Navy Bureau of Medicine Comments to the Government Accountability Office
Recommendations

**GOVERNMENT ACCOUNTABILITY OFFICE DRAFT REPORT DATED
FEBRUARY 16, 2011
GAO-11-206 (GAO CODE 351440)**

**“DEFENSE INFRASTRUCTURE: THE NAVY NEEDS BETTER DOCUMENTATION
TO SUPPORT ITS PROPOSED MILITARY FACILITIES ON GUAM”**

**NAVY BUREAU OF MEDICINE COMMENTS
TO THE GOVERNMENT ACCOUNTABILITY OFFICE RECOMMENDATIONS**

RECOMMENDATION: In order to ensure that the Navy’s proposed branch health clinics on Guam are properly reviewed and are consistent with the Military Health System goals of having appropriately sized and configured facilities to meet the health care needs of military beneficiaries in a cost effective manner, we are recommending that the Secretary of Defense direct the Secretary of the Navy to provide clearly documented analyses to TRICARE Management Activity (TMA) as part of Department of Defense (DoD) process for issuing design authorizations for Military Treatment Facilities. These analyses should, at a minimum, provide details of the basis for its health care workload and staffing requirements on Guam. These documented analyses should also include the specific health care requirements to be met at each of the branch health clinics, and the methods and criteria for how staffing decisions for each facility were made.

**DoD RESPONSE: Navy Bureau of Medicine and Surgery Input to Office of the Assistant
Secretary of Defense (Health Affairs)/TMA Portfolio Planning and Management Division
(PPMD)**

The Navy concept of care for Guam supports an integrated health care delivery system with primary care medical/dental clinics operating at the major DoD installations on the island. These branch clinics are conveniently located near military family housing and other quality of life services, while the Naval Hospital serves as the central island-wide hub for inpatient and specialty care, advanced diagnostic imaging, emergency medicine, and hospital services. Navy planning studies and project documentation provided to TMA PPMD clearly validated the plan to construct two new primary care medical/dental clinics properly sized and staffed to deliver required primary care and dental services to beneficiaries at Naval Station Apra Harbor and future Marine Corps Base Finegayan.

Navy planning documentation submitted to TMA PPMD adheres to the high standards for health facility planning identified by Defense Health Program guidance and instructions. The Navy concept of care for Guam is clearly documented in the Health Care Requirements Analysis (HCRA) prepared by Altarum in February 2007, which provides the foundation for the Medical Facilities Master Planning Study, detailing the proposed facility solutions. The study draws together specific planning methods and data sources from HCRA in relation to the location and facility scope of the hospital and clinics. HCRA population forecasts drive primary care clinic requirements in relation to expected population distribution and alignment with Guam installations. The requirements are expressed by space plans developed using the DoD Space and Equipment Planning System to define clinical, ancillary, and support spaces by department to create a Program for Design (PFD), which incorporates staffing. The HCRA provider staffing reflects expected primary care and dental provider empanelment ratios in relation to projected clinic beneficiaries. Navy coordinated with TMA PPMD officials to re-verify the submitted studies and documentation, as approved by TMA, fully addressed TMA requirements, including the final clinic PFD and DD 1391 project forms.

**Appendix II: Comments from the Department
of Defense**

Defense Health Program Military Construction funding of the robust replacement hospital augmented by two new clinics is a highly efficient solution that ensures convenient patient access to care, while mitigating traffic impacts on Guam. The Government of Japan (GOJ) funding of the two clinics will accrue beneficial cost avoidance by eliminating any GOJ need to build a separate hospital.

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

Brian Lepore, (202) 512-4523 or leporeb@gao.gov

Acknowledgments

In addition to the contact named above, Harold Reich, Assistant Director; Grace Coleman; Josh Margraf; Heather May; John Van Schaik; Kyle Stetler; and Michael Willems made key contributions to this report.

Related GAO Products

Military Personnel: Enhanced Collaboration and Process Improvements Needed for Determining Military Treatment Facility Medical Personnel Requirements. [GAO-10-696](#). Washington D.C.: July 29, 2010.

Defense Infrastructure: Guam Needs Timely Information from DOD to Meet Challenges in Planning and Financing Off-Base Projects and Programs to Support a Larger Military Presence. [GAO-10-90R](#). Washington, D.C.: November 13, 2009.

Defense Infrastructure: DOD Needs to Provide Updated Labor Requirements to Help Guam Adequately Develop Its Labor Force for the Military Buildup. [GAO-10-72](#). Washington, D.C.: October 14, 2009.

Defense Infrastructure: Planning Challenges Could Increase Risks for DOD in Providing Utility Services When Needed to Support the Military Buildup on Guam. [GAO-09-653](#). Washington, D.C.: June 30, 2009.

Defense Infrastructure: High-Level Leadership Needed to Help Guam Address Challenges Caused by DOD-Related Growth. [GAO-09-500R](#). Washington, D.C.: April 9, 2009.

GAO Cost Estimating and Assessment Guide: Best Practices for Developing and Managing Capital Program Costs. [GAO-09-3SP](#). Washington, D.C.: March 2, 2009.

Defense Infrastructure: Opportunity to Improve the Timeliness of Future Overseas Planning Reports and Factors Affecting the Master Planning Effort for the Military Buildup on Guam. [GAO-08-1005](#). Washington, D.C.: September 17, 2008.

Defense Infrastructure: High-Level Leadership Needed to Help Communities Address Challenges Caused by DOD-Related Growth. [GAO-08-665](#). Washington, D.C.: June 17, 2008.

Defense Infrastructure: Planning Efforts for the Proposed Military Buildup on Guam Are in Their Initial Stages, with Many Challenges Yet to Be Addressed. [GAO-08-722T](#). Washington, D.C.: May 1, 2008.

Defense Health Care: DOD Needs to Address the Expected Benefits, Costs, and Risks for Its Newly Approved Medical Command Structure. [GAO-08-122](#). Washington, D.C.: October 12, 2007.

Related GAO Products

Internal Control Standards: Internal Control Management and Evaluation Tool. [GAO-01-1008G](#). Washington, D.C.: August 1, 2001.

Internal Control: Standards for Internal Control in the Federal Government. [GAO/AIMD-00-21.3.1](#). Washington, D.C.: November 1, 1999.

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